

**REQUEST FOR QUALIFICATIONS AND PROPOSALS
FOR ELECTRICITY SUPPLY AND RELATED SERVICES
for the
ASSOCIATION OF BAY AREA GOVERNMENTS (ABAG)
POWER PURCHASING POOL**

November 8, 1996

[Revision A. Deadline Changed to December 9, 1996]

The Association of Bay Area Governments (ABAG) is accepting qualifications and proposals to provide electric supply and related services for a purchasing pool of local governments in California. The deadline for submitting qualifications and proposals is **Noon, Monday, December 9, 1996.**

Qualifications and proposals must follow the outline in Section 11 and must be submitted in two separate volumes. Please submit six (6) copies of the completed qualifications statement and the required annual and financial reports in one volume marked "Electric Supply Qualification Statement". In a separate sealed envelope, please submit six copies (6) of the proposal marked "Electric Supply and Related Services Proposal" with an Excel file with requested pricing information on 3.25" diskette.

Please submit qualifications and proposals to: Patricia Spangler, Power Pool Program Manager, ABAG, 101-8th Street, Oakland, CA 94607-4756.

For information regarding proposal requirements and pricing, contact John Lundstrom of McCullough Research at (503) 228-6489 (phone), (503) 222-2980 (fax), jlundst@mcresearch.win.net. For information about ABAG, contact Patricia Spangler at (510) 464-7933 or e-mail patricias@abag.ca.gov.

ABAG hereby notifies all Proposers that it will affirmatively ensure that in regard to any contract entered into pursuant to this advertisement, minority- and women-owned businesses will be afforded full opportunity to submit proposals in response to this request and will not be discriminated against on the grounds of race, creed, color, national origin, age, or sex in consideration of an award. For further information, contact ABAG Legal Counsel Ken Moy at (510) 464-7914 or e-mail kennethm@abag.ca.gov.

1. ABAG Description and Background

The Association of Bay Area Governments (ABAG) is soliciting qualifications and proposals from firms for the provision of electric supply and related services to serve a purchasing pool of local governments which are currently receiving bundled retail service from PG&E.

ABAG is a joint powers agency of nine counties and 95 cities in the San Francisco Bay Area. ABAG also has cooperating members (nonvoting) comprised of various public entities in and outside the Bay Area. ABAG promotes local government cooperation and intergovernmental planning on regional social, environmental, and economic issues. In addition to its regional planning function, ABAG operates service programs for local governments, including:

- pooled liability and property insurance programs,
- workers' compensation administration,
- financial services programs for the pooled issuance of municipal securities, and
- a power purchasing pool.

ABAG can, in its own name, make and enter into contracts; employ agents and employees; acquire, hold, and dispose of property; and incur debts, liabilities, or obligations necessary to carry out its business. ABAG has no taxing or condemnation powers. Its activities are funded primarily through member dues, state and federal grants, and service program revenues. As a joint powers agency, ABAG is obliged to comply with the same requirements imposed on other public agencies such as open and announced meetings and annual financial audits.

Agreements and contracts of the type anticipated by this RFQ/RFP will require approval of ABAG's Power Purchasing Committee and the ABAG Executive Board, a 38-member governing body of elected officials representing ABAG members.

ABAG retains the right to assign any contract resulting from this RFQ/RFP to a new joint powers agency of which ABAG is a member.

2. Program Description and Background

ABAG's Power Purchasing Pool is an ABAG service program that includes the cooperative acquisition of natural gas, electricity, and related services. The principal goal of the Program is to conduct pooled purchasing of natural gas and electricity on behalf of local governments entities which voluntarily join the Pool. At this time, ABAG is interested in aggregating demand use by local government entities only.

The Pool currently purchases natural gas for 30 local government entities in the Bay Area. The program, which offers a 5.5 percent discount from Pacific Gas and Electric (PG&E) core subscription index, is one of only three public sector core aggregation programs in California.

The Pool, which is overseen by a committee of representatives from all participating local government entities, will purchase electricity in aggregate for its members and other interested governments as soon as California law and regulations allow. ABAG's Power Purchasing Program is the first of its kind in California and a model for regional councils of government in all states where deregulation is underway. Membership in this program is open to all local government entities in the PG&E service territory.

Federal and State agencies that regulate public utilities have planned for a deregulated market in electric services to commence January 1, 1998. In anticipation of this deregulation, the Pool is issuing this RFQ/RFP for electric supply and related services.

3. ABAG's Relationship with New Energy Ventures

In 1995, ABAG signed a Memorandum of Agreement (MOA) with a Pasadena, CA-based firm, New Energy Ventures, Inc. (NEV). The MOA granted NEV permission to serve as a buyer's agent for ABAG and to bring ABAG proposals for natural gas and electric services from time to time. The MOA also granted NEV an exclusive arrangement to evaluate, but not select, such proposals presented to ABAG. On October 11, 1996, this MOA with NEV was terminated at NEV's request in order to allow NEV to respond to this Request for Proposals. NEV did not participate in the development of this RFP and will not be involved in evaluating any proposals submitted to ABAG in response to this Request.

4. Local Government Entities Participating in this RFQ/RFP

All local government entities participating in this RFQ/RFP are currently retail customers of PG&E. The participants in this RFQ/RFP have chosen to do so voluntarily. Their inclusion does not commit the participants to any future purchase of electric supply from ABAG or any electric supplier chosen as a result of the RFQ/RFP process. However, these participants have expressed serious interest in pooled electricity purchasing through ABAG. The data provided here is considered only an approximation of the future load and service demands required by the Pool. **Table A -- Participants** lists the local government entities represented by this RFP. The list includes 89 cities and towns, 10 counties, and 30 special districts. Cities, towns, and counties are listed by population size as an indication of potential size of the load for its individual public facilities. Special districts are listed by the service provided.

PLEASE NOTE: PROPOSERS WHO CONTACT ANY PARTICIPANT DIRECTLY DURING ANY PHASE OF THE RFQ/RFP PROCESS MAY BE SUBJECT TO DISQUALIFICATION IN THIS AND FUTURE SOLICITATIONS BY ABAG.

5. Aggregated Load for this RFQ/RFP

Electric consumption data for the one-year period of July 1, 1994 to June 30, 1995 has been aggregated for 95 percent of the participants in this RFQ/RFP and is presented here as an approximation of the ABAG Power Purchasing Pool load.

Table B: Number of Accounts by PG&E Electric Schedule shows a breakdown of the accounts for participants by the assigned PG&E Electric Rate Schedule (Descriptions of PG&E Electric Rates are available online at http://www.pge.com/customer_services/business/tariffs). The majority of the accounts fall into two categories: 1) small general services and 2) traffic control service. The remainder is distributed among 18 other rate schedules.

Table C: Usage by PG&E Electric Schedule shows participants consumed approximately 2,247 million kilowatt-hours in the 12-month period of 1994-95. Total monthly usage for all participants averaged 187 million kilowatt-hours with peak usage occurring during the summer months of June, July and August.

Additional Background Data

In addition to the historical consumption data presented above, **Table D: Types of Facilities Represented** shows the results of a qualitative survey of the type of facilities owned and operated by the participants.

Figures 1-4 show the geographic location of the participants by type. **Figure 5** shows both the geographic location of participants as well as microclimates which influence energy usage. (Microclimates shown on Figure 5 are the PG&E Baseline Territories for rate-making purposes. For further information about Baseline Territories, call the PG&E Rate Department at (415) 973-2933.)

Actual quantities and load profiles of electricity purchased under this RFQ/RFP will depend on number and electric demand of participants who join the Power Purchasing Pool.

6. Bidders' Conference

A bidders' conference will be held at 1:30 p.m. on Friday, November 8, 1996 at ABAG's offices in Oakland, California to review this RFP and to answer questions from interested proposers. ABAG offices are located at 101-8th Street (at Oak St.) in Oakland, immediately adjacent to the Lake Merritt BART Station, which provides public transportation to the Oakland International Airport. For further information on how to get to ABAG, see abagOnline at <http://www.abag.ca.gov/abag/overview/map.html>.

7. Qualification Statement

The enclosed **Electric Supply Qualification Statement** must be completed by each proposer. Submit six copies of the Qualifications Statement in a separate sealed envelope marked "Electric Supply Qualification Statement". Firms bidding as joint ventures or a prime with subcontractors must submit a Qualifications Statement for each member of the joint venture

or each subcontractor. Subcontractor should indicate willingness to subcontract with the prime contractor and may, if they so chose, submit qualifications non-exclusively with multiple prime contractors. Only the electric supply proposals from those firms evaluated as qualified will be opened by ABAG. All other proposals and will be returned unopened to the proposer.

8. Electric Supply Proposal Requirements

ABAG has divided the services upon which it wishes to receive bids into two categories: 1) mandatory element, upon which all proposers must bid, and 2) optional elements, those elements which a proposer may chose not to include in the proposal. ABAG encourages firms to form teams in order to respond to all elements of this RFQ/RFP.

A. Mandatory Element: Electric Supply Pricing

(1) Pricing

a. Duration

Proposals are being solicited for one (1) year and four (4) years beginning January 1, 1998.

b. Location

Delivery is to the PG&E system. All supplies located off the PG&E system must include a description of the transmission path.

c. Energy and capacity is to be bid in a 10 megawatt block with a specified minimum capacity factor. For example, “10 megawatts with a minimum take of 50% will cost 15.5 mills”, would be an acceptable format for submission.

d. ABAG invites blocks specifically identified as Reactive Supply and Voltage Control from Generation Sources Service, Regulation and Frequency Response Service, Energy Imbalance Service, Operating Reserve - Spinning Reserve Service, and Operating Reserve - Supplemental Reserve Service, as defined in PG&E’s comparability tariff. Such blocks must meet Western System Coordinating Council (WSCC) standards.

e. In all proposals, please clearly indicate pricing for both firm and nonfirm power for both Peak and Off-Peak time periods. If pricing fluctuates by time of year, please indicate prices by month for both the one and four year contract terms.

f. ABAG is interested in the cost and benefits of time of use pricing. Suppliers are encouraged to provide time of use pricing for ABAG’s review. If time of use pricing is provided, the proposal must include optional element 8.B.3. Metering Technology.

(2) Approach to Supplying Electricity

All proposals must explain in detail the planned approach to supplying the Pool's electric needs, specifying if the electricity to be provided is a system sale, a unit contingent sale, or a power brokering arrangement. For unit contingent sales, please describe the generation unit technology, location, age, fuel, and back up power options that are included in your pricing. Power brokers should explain your approach to supplying and assuring the delivery of committed electricity.

(3) Western Power Exchange (WEPEX) assumptions

For purposes of this RFQ/RFP, please assume that ABAG will be fully eligible for service on January 1, 1998 and will not be required to accept energy through the Western Energy Power Exchange (WEPEX), a new power exchange entity to be created in California pursuant to the California Public Utilities Commission decision of December 20, 1995 and AB 1890. Delivery of energy will be under current WSCC standards with previous day scheduling and load following at the PG&E dispatch center. The point of delivery will be to the PG&E system. And if appropriate, discuss the impact of potential transmission constraints inside the PG&E system on your response to this RFQ/RFP.

Please identify any assumptions related to electrical restructuring proceedings and operation of the proposed independent system operator that differ from the above and that impact the costs and services described in your bid.

B. Optional Elements

In addition to the mandatory element listed above, ABAG is seeking proposals for services needed to support a pooled purchase and proposals to help the Pool manage price risks and provide fixed or indexed pricing. These services can be provided by subcontractors willing to contract with the supplier.

(1) Ancillary Services

Successful operation of an aggregation with the potential diversity of members and facilities as the ABAG Power Pool requires strong technical expertise to coordinate the scheduling of power, reconciling of power deliveries with the proposed Independent System Operator, and managing required power-related settlement transactions. ABAG is interested in proposals to provide other ancillary services such as spinning and operating reserves and other control area functions. Please separately itemize these and other ancillary services proposed and your current and previous experience in performing these functions. Please provide pricing for the provision of each service.

(2) Billing Services

The Pool will require a billing agent to provide monthly consolidated billing to Pool members for their electric usage, transmission, and distribution-related charges. Proposals to provide billing services should detail the proposer's experience as a billing agent, list references, and state a price for this service.

(3) Metering Technology

Time-of-use metering technology with telemetry capability will be integral to maximizing pricing benefits to Pool members. ABAG is seeking proposals to increase the number of time-of-use meters in the Pool. Proposals to install time-of-use meters should detail meter costs, installation costs, and costs related to support of a telemetry system. Proposal should also address the advisability of upgrading metering technology in the pre-deregulation period.

(4) Financial Products

a. ABAG will accept proposals offering the Pool a means to manage price risks and provide fixed or indexed pricing based on supplies of electricity from a number of suppliers. Proposed financial products could include indexing to the California Oregon Border price, the proposed California Power Exchange price, or the price of natural gas. The more the pricing can minimize the Pool's risk in a changing market, the more value the proposal represents to ABAG.

b. ABAG is specifically interested in proposals to secure discounts on the price of electric supply through a multi-year municipal tax-exempt prepay arrangement.

(5) Green Power Purchase Program

There is an interest among some participants in a Green Power Purchase Program that would enable local governments to purchase all or some of their electric power requirements from renewable energy sources. ABAG seeks proposals for a Green Power Purchase Program that would provide local governments access to renewable energy at competitive rates.

Proposals should specifically address their eligibility under 365(b)(2) of AB 1890.

9. Evaluation Criteria and Selection Process

A. Qualifications

Only proposals from those firms deemed "qualified" by a separate review of their Qualifications Statement (see attached) will be evaluated by ABAG. Principal criteria used to determine qualification will be: 1) financial strength and 2) the breadth and depth of the proposer's experience as either an electric supplier or provider of other services requested in this RFP. Subcontractors will be evaluated on: 1) financial strength and 2) experience and qualification to provide the service proposed.

B. Proposal

The following criteria, weighted as shown, will be used to select a short-list of firms to participate in ABAG's interview process that will commence in December 1996:

Mandatory Element

Pricing (90%)

Reliability of Power Supply Proposed (10%)

Optional Elements

Pricing (60%)

Depth and breadth of experience providing proposed service (40%)

C. Interviews

Proposers short-listed by ABAG will be invited to participate in an interview process to be conducted at ABAG's offices during December. Interviews will be conducted by ABAG personnel and technical consultants selected by ABAG to evaluate proposals.

D. Competitive Negotiation

Following interviews, two or more proposers may be invited to participate in a competitive negotiation with ABAG for a final determination of prices and services to be presented to ABAG's Power Purchasing Committee, participants, and ABAG's Executive Board.

10. The RFQ/RFP Schedule

November 8, 1996

RFQ/RFP Released

Bidders Conference at 1:30 p.m.

December 9, 1996

Qualifications and Proposals Due

Evaluation of Qualifications Begins

December 1996

Proposals evaluated as "qualified" are opened; all others returned to proposers

Evaluation of Proposals begins

ABAG announces a short list of proposers to be interviewed by selection committee

Interviews of shortlisted proposers begins

January 1997

Interviews of shortlisted proposers concluded

ABAG announces proposers to enter competitive negotiations
Competitive negotiations begin
Power Purchasing Committee updated on RFP Process

February 1997

Competitive negotiation concluded
ABAG announces supplier(s) and service providers selected
Contract negotiations begin
Local government entities commitments requested

January 1, 1998

Service Delivery Commences

11. Proposal Format and Submission Procedure

A. Qualifications Format

Qualifications and Proposals should be printed on 8.5" x 11" white paper, with a cover page clearly displaying: 1) Company name; and 2) Contact person's name, address, phone and fax number, and e-mail address.

The volume containing the Electric Supply Qualification Statement should be organized in the following order: 1) a completed copy of the Qualifications Statement, 2) Written responses to Questions 15, 16, and 17 on separate pieces of paper, and 3) Requested Items 18, 19, 20, and 21.

B. Proposal Format

The volume containing the Electric Supply Proposal should be organized in the order below. Please use separate piece of paper for answer to each question.

Mandatory Element

1. Pricing of Power Supply -- Text only; attach pricing information on a Excel spreadsheet using the format shown in the attached **November 1996 Bid Data Format** (also available in a downloadable file at <http://www.abag.ca.gov/services/power>). Submit the Excel file on 3.25" diskette with Proposal.
2. Power supply sources, reliability, and operating characteristics
3. Nature of commitments for power availability

Optional Elements

4. Ancillary Services
 - A. Scheduling, System Control, and Dispatch Service
 - B. Reactive Supply and Voltage Control from Generation Source
 - C. Regulation and Frequency Response Service

- D. Energy Imbalance Service
- E. Spinning Reserve Services
- F. Operating Reserve Services
- 5. Billing Services
- 6. Metering Technology
- 7. Financial Products
- 8. Green Power Purchase Program
- 9. Additional Optional Elements

C. Submission Procedure

Qualifications and proposals must follow the outline in (b) and must be submitted in two separate volumes. Please submit six (6) copies of the completed qualifications statement and the required annual and financial reports in one volume marked "Electric Supply Qualification Statement". In a separate sealed envelope, please submit six copies (6) of the proposal marked "Electric Supply and Related Services Proposal" with an Excel file with requested Excel pricing information spreadsheet on 3.25" diskette.

Please submit qualifications and proposals to: Patricia Spangler, Power Pool Program Manager, ABAG, 101-8th Street, Oakland, CA 94607-4756.

Faxed submissions are not acceptable. The deadline for proposal submissions is Noon, Pacific Time, December 9, 1996.

12. General Conditions

A. No Obligation to Award.

This Request for Proposal (RFQ/RFP) does not obligate ABAG to award a contract to any Proposer. ABAG may, at its option, revise the schedule of events or anticipated date of award, may request further information from any Proposer or may withdraw this RFQ/RFP in part or in its entirety.

B. Form Of Proposal And Signature

Proposals made by a sole owner will be signed with his/her full name with his/her address. Proposals made by a partnership must be signed by at least one general partner who will also sign his/her own name with the address of each partner. Proposals made by a corporation will be signed by an officer or other individual who has the full and proper authorization to do so. Proposals by a joint venture will be signed on behalf of each participating entity in the manner prescribed above in accordance with its legal status. Proposals submitted in any other form will be considered non-responsive and will be rejected.

C. Conditioned Proposal

Unauthorized conditions, limitations or provisions attached to a proposal will render it non-responsive and may cause its rejection.

D. Withdrawal Of Proposal

A Proposer may withdraw its proposal without prejudice to itself, by submitting a written request for its withdrawal to the Program Manager before the due date.

E. Firm Proposal

All proposals shall remain in effect for ninety (90) days from the due date.

F. Rejection Of Proposal

ABAG may reject any and all proposals and will reject the proposal of any party who has been delinquent or unfaithful in any former contract with ABAG. The right is reserved to reject any or all proposals, and to waive technical defects, as the interests of ABAG may require.

G. Clarification/Submission Of Questions.

Requests for clarification and questions must be received by the Program Manager, in writing, not less than five (5) calendar days before the due date. ABAG's response to requests for clarification and questions will be posted on ABAG's Internet site, abagOnline, at <http://www.abag.ca.gov/services/power>. ABAG will not separately transmit responses to potential proposers. All potential proposers must review ABAG's Internet site prior to proposing.

H. Pre-contractual Expenses.

ABAG shall not be liable for any pre-contractual expenses incurred by any Proposer. Proposers shall not include any such expenses as part of the price proposed in response to this RFQ/RFP. ABAG shall be held harmless from any and all liability, claims, or expenses incurred by or on behalf of any person, agency, company or organization responding to this RFQ/RFP. Pre-contractual expenses are defined as expenses incurred by Proposers in:

- (1) Preparing a proposal in response to this RFQ/RFP.
- (2) Submitting proposal to ABAG.
- (3) Oral presentation to and negotiations with ABAG on any matter related to the proposal.
- (4) Other expenses incurred by the Proposer or Consultant(s) prior to the date of award of any contract.

I. Bid Protect Procedures.

- (1) A proposer may file a protest, in writing, stating the reasons for its protest addressed to the Program Manager within three (3) working days after the notice of pre-award or award or after the post-award circumstances on which the protest is based has come to its attention. A detailed description of the facts underlying the protest plus any supporting documentation should be submitted. The protest should be submitted to the Program Manager at ABAG offices.
- (2) The Program Manager shall investigate the matter and respond in writing to each point raised by the proposer within five (5) working days. In addition, the Program Manager shall specify in writing any action to be taken by ABAG.
- (3) If the proposer is not satisfied with the decision of the Program Manager, the proposer may appeal the decision in writing within three (3) working days to ABAG's Executive Director. The appeal shall be submitted at ABAG's offices.
- (4) The Executive Director will investigate and respond in writing specifying any differences between his findings and those of the Program Manager. The Executive Director will also state the action to be taken by ABAG or the fact that no action shall be taken. The decision of the Executive Director is the final decision of ABAG.
- (5) The proposer will be notified of its right to appeal to the appropriate state or local administrative or judicial authorities.
- (6) In the event a protest has been timely filed before award, ABAG will not make award prior to five (5) calendar days after resolution of the protest, unless ABAG makes a written determination that:
 - (a) The items/services to be procured are urgently required;
 - (b) Delivery or performance will be unduly delayed by failure to make the award promptly; or
 - (c) Failure to make prompt award will otherwise cause undue harm to ABAG.

13. For Further Information

For further information about ABAG and the history and development of this program, contact Patricia Spangler at ABAG. For information about proposal requirements and pricing, contact John Lundstrom of McCullough Research at 503-228-6489, 503-222-2980 (fax), jlundst@mcresearch.win.net.

ABAG POWER PURCHASING POOL
Electric Supply Qualification Statement

- (1) Company Name: _____
(2) Principal Address _____

(3) Telephone: _____
(4) Fax: _____

- (5) Business Organization -- Check One
___ Corporation, incorporated in State of _____
___ Other (partnership, etc.) Describe _____

- (6) Are you? Registered to do business in California Yes ___ No ___
A minority-owned business Yes ___ No ___
A woman-owned business Yes ___ No ___

- (7) S.E.C. Registration Number: _____

- (8) Parent Company (if any) _____

- (9) Affiliated Energy-related Companies: _____

- (10) Has the organization been the subject of litigation for the failure to meet contracted obligations to deliver or supply electricity within the last 3 years? Yes ___ No ___

- (11) Has the organization filed for bankruptcy, or currently in default of business loans, or responsible for undisputed payments to suppliers or transporters which are over 60 days past due? Yes ___ No ___

- (12) Financial Strength

What was the 1995 net excess capital of the organization (\$) _____
What is the rating of the organization's long-term unsecured debt? _____

- (13) Contact Person and California Office

Do you have a California or West Coast office? Yes ___ No ___

If yes, Contact Person: _____
 Title: _____
 Office Location: _____
 Telephone: _____
 Fax: _____

(14) Electric Sales History and Supply

What year did your company begin selling electricity to wholesale end users (i.e., municipal, investor owned utilities, large industries)? _____

What were your total electric sales in 1995? (indicate both dollar value and unit quantity: kWh, kW, MW, etc.) \$ (dollars) (units)

California	_____	_____
Western States	_____	_____
US/Canada	_____	_____

What is your volume of electric generation owned or dedicated under firm long term supply contracts?

California	_____
Western States	_____
US/Canada	_____

Please answer the following questions using a separate piece of paper for each question.

(15) Please list THREE (3) electric sales references, if available. Include: (1) Company name and address; (2) contact person and phone number; and (3) dates of service

(16) If you supply power, describe your arrangements and terms to access the Power Grid.

(17) Describe your plan for selling power to the California retail market.

Please include the following as appendices to your complete Qualifications Statement.

(18) Please submit your most recent Annual Report or Audited Financial Statement.

(19) Please submit biographies of corporate officers and other major decision makers.

(20) Please submit your standard promotional package.

(21) Provide any additional backup information which will help in our qualification process.

All of the information provided on this statement and any backup documentation is true and accurate to the best of my knowledge.

Signature: _____	Title: _____
Print Name: _____	Date: _____